

96-98

From: Travis Crane
To: Commissioner Adelstein
Date: Mon, Feb 17, 2003 12:43 PM
Subject: Comments to the Commissioner

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Travis Crane (tcrane@1tone.net) writes:

Chairman Powell,

I had the privilege of serving under your dad as a pilot in the U.S.A.F. and believe strongly in fighting for the right cause of individual rights, not those of a select few or even the ones who have the money to be heard the most (RBOC's)...so I am forwarding you an article to show the other side of the issue in hopes that you understand what is at stake and hope that you will make the RBOC's live up to their promises or maybe we can just undo the entire 1996 Telecom Act and ask the Bell companies if they would forgo their 271 approval for long distance....I bet you would get their attention quickly and they would even be willing to bargain back to the old promises made!

I hope you have the time to read this article below and fight as I did for the American people, the right reasons to help individuals rights to choose and not those with large pockets and fancy attorneys...

Sincerely,

Travis Crane, Capt. USAF Ret.

Article: For Chairman Michael Powell

It's not easy being Ed

In this world, it's not an easy thing holding on to a monopoly. Just ask Bill Gates. But it's even tougher trying to re-establish one that has lapsed. Just ask Edward Whitacre, Jr., the chairman and CEO of SBC-former local telephone monopoly.

And you can ask him. The man is on a mission that is taking him everywhere, in a crusade to rebuild a monopoly that the United States Congress and the fifty states have just spent the last decade opening to competition. Ed is willing to come to your house to tell you why UNE-P is destroying the industry, and why the mechanisms put in place to bring competition to the industry must, themselves, be destroyed.

To summarize Ed over the past few months:

The Baby Bells are in terrible financial condition

UNE-P is the reason

UNE-P forces the Baby Bells to virtually give away their network to competitors

These competitors are of no value to the economy because they don't build their own networks

Terrible consequences will happen to the nation's telecommunications infrastructure if this situation persists

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Life is so unfair for Ed.

But making this case isn't easy.

First, Ed must make the case that the Baby Bells are in jeopardy, are on the verge of financial ruin, cannot invest vital network facilities, and are being picked apart by everyone from CLECs to long distance behemoths to cable television providers. And that's a tougher point to ram home when you've arrived in town via private jet. It requires the hope that the listener has no access to financial information on SBC that shows the company generating a cash flow of \$3 billion after dividends. It's a contention that is undercut by the fact that the entire CLEC industry's value is only two times the personal net worth of Ed Whitacre, the individual. It requires a feat nothing short of convincing welfare mothers that Bill Gates needs a free turkey for Thanksgiving.

Second, it requires an extremely forgetful audience. The Baby Bells largely shaped the Telecommunications Act of 1996, which put in place the framework of deregulation that Ed so bitterly laments now. They were given the ability to earn much higher rates of return than they ever had in the past. They were given the option of entering the long distance market, thus shedding one of the major protections from the abuse of monopoly power remaining from the breakup of the Bell System in 1984. They defeated the concept of a structural separation of their wholesale network business from their retail business. They defeated a whole variety of proposals that would have given The Act more teeth in unraveling the monopoly.

Ed is hoping that nobody remembers that SBC agreed to this structure of competition while it was working to get long distance approval. But now that it's in, Ed and the other Baby Bell CEOs want to renege on all of this.

Third, it requires people to believe that the Supreme Court of the United States is not to be trusted, and that rulings it issues can be contradicted by big corporations and their relentless media campaigns. Ed says that UNE-P rates are below cost. Duane Ackerman, CEO of Bell South, describes this as "a known fact." And yet this seemingly esoteric issue was important enough to go all the way up to the Supreme Court earlier this year, and the Supreme Court rejected the Bell's arguments, validating the pricing methodology used to establish UNE-P rates. So in one corner, we have the Supreme Court, weighing in as the highest legal authority in the nation. In the other corner, we have the Baby Bells, with the greatest ability to mount a PR campaign attacking the Supreme Court decision.

Fourth, it requires the audience to follow Ed's remarkable gymnastics of logic. Perhaps we can help: Ed thinks only facilities-based competition is of merit. Everyone else is a "parasite." So he wants to see lots of competitors build their own networks, taking what was formerly wholesale revenue to him straight to zero. After all, a UNE-P company pays at least 50% of its revenue to Ed. A complete facilities customer would pay zero. In a world where everyone admits that the spending on network facilities, and the resulting over-capacity of everything, has been a financial markets disaster of mammoth proportion, public policy should encourage even more spending on facilities, because this will help reduce the revenue of the Baby Bells? Hmmm. Surely the real reason isn't that Ed knows that his competitors cannot actually build facilities in this market-that the removal of UNE-P would be tantamount to the restoration of his monopoly?

Finally, Ed must cloak his company in the mantle of unselfishness and altruism. Certainly, the Baby Bells have reason to be altruistic. The federal government allowed them to build their businesses, and that includes their networks, without any of the typical risk associated with nearly all other types of businesses in our capitalistic system. Those networks were paid for by ratepayers. And we refer to them as "ratepayers" and not customers for a good reason-they have never been customers. They have never had a choice. They have been forced to pay to only one company money for a necessary service at rates that guaranteed a big profit for those companies. And if that weren't enough, the Federal Communications Commission gave these same companies cellular spectrum worth billions of dollars and a several year head start in the wireless business. And when the Bell System was broken up, they were given a regulated

monopoly in the Yellow Pages business-a cash machine unmatched in it!
s exorbitant profit margins and
ability to dictate high prices to a captive customer base with no oversight.

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And give the Baby Bells have. To political campaigns. In vast numbers. But in giving to support some kind of social objective (such as rural internet access), their record is faint.

So you see, it isn't easy being Ed. Winning, when armed with such a flimsy argument, is unlikely. It's a good thing for Ed that Michael Powell occupies the corner office on the Eighth Floor of the FCC.

Server protocol: HTTP/1.1
Remote host: 66.83.235.16
Remote IP address: 66.83.235.16

From: stock holder
To: Commissioner Adelstein
Date: Mon, Feb 17, 2003 12:45 AM
Subject: Comments to the Commissioner

stock holder (thepublic@netzero.net) writes:

You are destroying the Telecom industry with UNE-P. Your decision will label you an "idiot" and this is what you're legacy will be...Side with the leaches and parasites(CLEC's), you must be proud, dumbass

Server protocol: HTTP/1.0
Remote host: 199.35.200.201
Remote IP address: 199.35.200.201

From: Aspazomaii@aol.com
To: Commissioner Adelstein
Date: Mon, Feb 17, 2003 9:00 AM
Subject: competition

Please consider how much money the Bells have invested in everything other than what they are supposed to have invested and/or are trying to invest in. Many smaller companies which have made the investments will be driven out of business and then swallowed by the bells for nothing. Will this be the solution for competition?

Thank You,

J. Szeneri